



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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February 7, 2000

CERTIFIED RETURN RECEIPT
P 074 976 807

Scott Wilkinson
Gemstone Mining, Incorporated
P.O. Box 3413
Cedar City, Utah 84721

Re: Formal Approval of Form and Amount of Reclamation Surety, Gemstone Mining, Inc., Ruby Violet Mine, M/001/045, Beaver County, Utah

Dear Mr. Wilkinson:

On January 27, 2000, the Director of the Division of Oil, Gas and Mining formally approved the form and amount of reclamation surety for Gemstone Mining, Inc.'s Ruby Violet mine. The reclamation surety in the amount of \$200,200.00 is in the form of a Letter of Credit (#STR15129) issued by Bank One. The Letter of Credit (LOC) has two amendments, which become a part of and are attached to the original LOC received January 3, 2000. The Division hereby grants its final approval of this project and the reclamation surety. *You may commence mining operations as outlined in your mining and reclamation plan at your convenience.* Enclosed please find copies of the fully signed and executed Reclamation Contract and a copy of the Letter of Credit for your files.

This large mining operation encompasses three other sites: 1) Red Beryl Exploration project #E/001/097, already permitted by Gemstone Mining; Violet/Red Beryl small mining permit #S/001/011 originally permitted by Rancho Equipment; and Violet #5-8/Ruby #1-4 small mining permit #S/001/012 originally permitted by Rex Harris. By accepting the surety for this large mining operation, we are hereby releasing Rancho Equipment and Rex Harris from any further mining or reclamation obligations at their respective site. Their respective files will be closed and archived. We will also close and archive Gemstone Mining Company's exploration notice E/001/097.

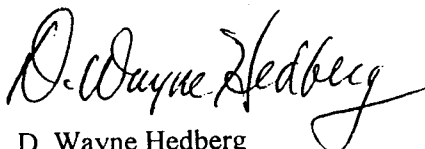
Gemstone Mining posted reclamation surety for these three operations, \$18,200 for the exploration site, and \$37,500 for the two small mining sites. We are, therefore, enclosing the original Reclamation Contract and original Letter of Credit #S005383 in the amount of \$18,200 for the Red Beryl Exploration Project, file number E/001/097. We also authorize release of the \$37,500 check #07009479 drawn on National Bank of Canada for the two small mining operations. This check was sent to the Utah State Treasurer's Office for deposit. We will notify the Treasurer's Office to release these funds to you.

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February 7, 2000

Thank you for your help in finalizing this permitting action. Please call me if you have any questions regarding the contents of this letter.

Sincerely,



D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb

Enclosures: copy of RC, LOC # , original 6/27/97 RC & LOC #

cc: Ed Ginouves, BLM, Cedar City FO, UTU-72232 w/RC & LOC #

Rex Harris

Robert Thomas, Rancho Equipment

M01-45-apv

100-100-100 state office